

Second Regular Session 111th General Assembly (2000)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1999 General Assembly.

SENATE ENROLLED ACT No. 508

AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-1.1-17-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. (a) The officers of political subdivisions shall meet each year to fix the budget, tax rate, and tax levy of their respective subdivisions for the ensuing budget year as follows:

- (1) The fiscal body of a consolidated city and county, not later than the last meeting of the fiscal body in September.
- (2) The fiscal body of a second class city, not later than September 30.
- ~~(3) The board of school trustees or board of school commissioners of a school city or town, not later than the time required in section 5-1 of this chapter.~~
- ~~(4)~~ (3) The proper officers of all other political subdivisions, not later than September 20.

Except in a consolidated city and county and in a second class city, the public hearing required by section 3 of this chapter must be completed at least ten (10) days before the proper officers of the political subdivision meet to fix the budget, tax rate, and tax levy. In a consolidated city and county and in a second class city, that public hearing, by any committee or by the entire fiscal body, may be held at any time after introduction of the budget.

- (b) Ten (10) or more taxpayers may object to a budget, tax rate, or

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tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object.

(c) If a petition is filed under subsection (b), the fiscal body of the political subdivision shall adopt with its budget a finding concerning the objections in the petition and any testimony presented at the adoption hearing.

(d) This subsection does not apply to a school corporation. Each year at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, a political subdivision shall file with the county auditor:

- (1) a statement of the tax rate and levy fixed by the political subdivision for the ensuing budget year;
- (2) two (2) copies of the budget adopted by the political subdivision for the ensuing budget year; and
- (3) two (2) copies of any findings adopted under subsection (c).

Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

(e) In a consolidated city and county and in a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment within two (2) days after the ordinances are signed by the executive, or within two (2) days after action is taken by the fiscal body to override a veto of the ordinances, whichever is later.

SECTION 2. IC 6-1.1-42-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 10. A designating body that adopts a resolution under section 9 of this chapter, shall do the following:

- (1) Publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1.
- (2) File the following information with each taxing unit that has authority to levy property taxes in the geographic area where the zone is located:
 - (A) A copy of the notice required by subdivision (1).
 - (B) A statement containing substantially the same information as a statement of benefits filed with the designating body under section 6 of this chapter.

The notice must state that a description of the affected area is available and can be inspected in the county assessor's office. The notice must also name a date when the designating body will receive and hear all

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remonstrances and objections from interested persons. The designating body shall file the information required by subdivision (2) with the officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 ~~or IC 6-1.1-17-5.1~~ at least ten (10) days before the date of the public hearing.

SECTION 3. IC 6-1.1-42-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 20. A designating body that adopts a resolution under section 19 of this chapter shall do the following:

- (1) Publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1.
- (2) File the following information with each taxing unit that has authority to levy property taxes in the geographic area where the zone is located:
 - (A) A copy of the notice required by subdivision (1).
 - (B) A statement containing substantially the same information as a statement of benefits filed with the designating body under section 18 of this chapter.

The notice must state that a description of the affected area is available and can be inspected in the county assessor's office. The notice must also name a date when the designating body will receive and hear all remonstrances and objections from interested persons. The designating body shall file the information required by subdivision (2) with the officers of the taxing unit who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 ~~or IC 6-1.1-17-5.1~~ at least ten (10) days before the date of the public hearing.

SECTION 4. IC 21-2-11.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 2. (a) Each calendar year, the governing body of each school corporation shall establish a school transportation fund which shall be the exclusive fund used by the school corporation for the payment of costs attributable to transportation listed in ~~subsection (b)(1) through (b)(7); subdivisions (1) through (7),~~ as authorized under IC 20, of school children during the school year ending in the calendar year: ~~The following accounts are established within the school transportation fund:~~

- ~~(1) An operating costs account from which the costs attributable to transportation listed in subsection (b)(1) through (b)(7) shall be paid.~~
- ~~(2) A school bus replacement account from which the costs attributable to transportation listed in subsection (b)(8) through (b)(9) shall be paid.~~
- ~~(b) The costs attributable to transportation include the following:~~



- (1) The salaries paid bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation-related employees.
- (2) Contracted transportation service, other than costs payable from the school bus replacement account under subsection (e).
- (3) Wages of independent contractors.
- (4) Contracts with common carriers.
- (5) Pupil fares.
- (6) Transportation-related insurance.
- (7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses.

(b) The governing body of each school corporation shall establish a school bus replacement fund. The school bus replacement fund shall be the exclusive fund used to pay the following costs attributable to transportation:

- ~~(8)~~ (1) Amounts paid for the replacement of school buses, either through a purchase agreement or under a lease agreement.
- ~~(9)~~ (2) The costs of contracted transportation service payable from the school bus replacement account under subsection (e).

(c) Beginning January 1, 1996, portions, percentages, or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the school transportation fund.

(d) Costs for a calendar year are those costs attributable to transportation for school children during the school year ending in the calendar year.

(e) Before the last Thursday in August in the year preceding the first school year in which a proposed contract commences, the governing body of a school corporation may elect to designate a portion of a transportation contract (as defined in IC 20-9.1-1-8), fleet contract (as defined in IC 20-9.1-1-8.2), or common carrier contract (as defined in IC 20-9.1-1-9) as an expenditure payable from the school bus replacement ~~account~~ **fund**. An election under this section must be made in a transportation plan approved by the state board of tax commissioners under section 3.1 of this chapter. The election applies throughout the term of the contract. The amount that may be paid from the school bus replacement ~~account~~ **fund** in a school year is equal to

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the fair market lease value ~~of~~ **in** the school year of each school bus, school bus chassis, or school bus body used under the contract, as substantiated by invoices, depreciation schedules, and other documented information available to the school corporation. The allocation of costs under this subsection to the school bus replacement ~~account fund~~ must comply with the allocation guidelines adopted by the state board of tax commissioners and the accounting standards prescribed by the state board of accounts.

SECTION 5. IC 21-2-11.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3. (a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation ~~fund's operating costs account fund~~ sufficient to pay all operating costs attributable to transportation that:

- (1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and
- (2) are listed in section ~~2(b)(1)~~ **2(a)(1)** through ~~2(b)(7)~~ **2(a)(7)** of this chapter.

(b) For taxes first due and payable in 1996, the property tax levy for the ~~fund's operating costs account fund~~ may not exceed the amount determined using the following formula:

STEP ONE: Determine the sum of the expenditures attributable to operating costs listed in section ~~2(b)(1)~~ **2(a)(1)** through ~~2(b)(7)~~ **2(a)(7)** of this chapter that were made by the school corporation as determined by the state board of tax commissioners for all operating costs attributable to transportation that are not paid from other revenues available to the fund for school years ending in 1993, 1994, and 1995.

STEP TWO: Divide the amount determined in STEP ONE by three (3).

STEP THREE: Determine the greater of:

- (A) the STEP TWO amount; or
- (B) the school corporation's actual transportation fund levy attributable to operating costs for property taxes first due and payable in 1995.

STEP FOUR: Multiply the amount determined in STEP THREE by one and five-hundredths (1.05).

(c) For each year after 1996, the levy for the ~~fund's operating account fund~~ may not exceed the levy for the previous year multiplied by the assessed value growth quotient determined using the following formula:

STEP ONE: Determine the three (3) calendar years that most

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immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

STEP TWO: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth) of the school corporation's total assessed value of all taxable property in the particular calendar year, divided by the school corporation's total assessed value of all taxable property in the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Determine the greater of the result computed in STEP THREE or one and five-hundredths (1.05).

STEP FIVE: Determine the lesser of the result computed in STEP FOUR or one and one-tenth (1.1).

If the assessed values of taxable property used in determining a school corporation's property taxes that are first due and payable in a particular calendar year are significantly increased over the assessed values used for the immediately preceding calendar year's property taxes due to the settlement of litigation concerning the general reassessment of that school corporation's real property, then for purposes of determining that school corporation's assessed value growth quotient for an ensuing calendar year, the state board of tax commissioners shall replace the quotient described in STEP TWO for that particular calendar year. The state board of tax commissioners shall replace that quotient with one that as accurately as possible will reflect the actual growth in the school corporation's assessed values of real property from the immediately preceding calendar year to that particular calendar year. The maximum property levy limit computed under this section for the ~~operating account school transportation fund~~ shall be reduced to reflect the transfer of costs ~~from the for~~ operating ~~account of the transportation fund~~ to the school bus replacement ~~account of the transportation~~ fund under section 2(e) of this chapter. The total reduction in the ~~operating account school transportation fund~~ maximum property tax levy may not exceed the amount of the fair market lease value of the contracted transportation service expenditures paid from the ~~operating account fund~~ before the transfer.

(d) Each school corporation may levy for the calendar year a tax for the school ~~transportation fund's school~~ bus replacement ~~account fund~~ in accordance with the school bus acquisition plan adopted under

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section 3.1 of this chapter.

(e) The tax rate and levy **for each fund** shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.

SECTION 6. IC 21-2-11.5-3.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 3.1. (a) Before a governing body may collect property taxes for the ~~school transportation fund's~~ school bus replacement ~~account~~ **fund** in a particular calendar year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year: ~~for all years before 1999 and not later than January 31 for 1999 and all subsequent years:~~

- (1) conduct a public hearing on; and
- (2) pass a resolution to adopt;

a plan under this section.

(b) The state board of tax commissioners shall prescribe the format of the plan. A plan must apply to at least the ten (10) budget years immediately following the year the plan is adopted. A plan must at least include the following:

- (1) An estimate for each year to which it applies of the nature and amount of proposed expenditures from the transportation fund's school bus replacement account.
- (2) A presumption that the minimum useful life of a school bus is not less than ten (10) years.
- (3) An identification of:
 - (A) the source of all revenue to be dedicated to the proposed expenditures in the upcoming budget year; and
 - (B) the amount of property taxes to be collected in that year and the unexpended balance to be retained in the ~~account~~ **fund** for expenditures proposed for a later year.
- (4) If the school corporation is seeking to:
 - (A) acquire; or
 - (B) contract for transportation services that will provide; additional school buses or school buses with a larger seating capacity as compared to the number and type of school buses from the prior school year, evidence of a demand for increased transportation services within the school corporation. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement ~~account~~ **fund**.
- (5) If the school corporation is seeking to:
 - (A) replace an existing school bus earlier than ten (10) years after the existing school bus was originally acquired; or
 - (B) require a contractor to replace a school bus; evidence that the need exists for the replacement of the school

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bus. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement ~~account~~ **fund**.

(6) Evidence that the school corporation that seeks to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (4) or for replacement purposes.

(c) After reviewing the plan, the state board of tax commissioners shall certify its approval, disapproval, or modification of the plan to the governing body and the auditor of the county. The state board of tax commissioners may seek the recommendation of the school property tax control board with respect to this determination. The action of the state board of tax commissioners with respect to the plan is final.

(d) The state board of tax commissioners may approve appropriations from the transportation fund's school bus replacement ~~account~~ **fund** only if the appropriations conform to a plan that has been adopted in compliance with this section.

(e) A governing body may amend a plan adopted under this section. When an amendment to a plan is required, the governing body must declare the nature of and the need for the amendment and must show cause as to why the original plan no longer meets the transportation needs of the school corporation. The governing body must then conduct a public hearing on and pass a resolution to adopt the amendment to the plan. The plan, as proposed to be amended, must comply with the requirements for a plan under subsection (b). This amendment to the plan is not subject to the deadline for adoption described in subsection (a). However, the amendment to the plan must be submitted to the state board of tax commissioners for its consideration and is subject to approval, disapproval, or modification in accordance with the procedures for adopting a plan set forth in this section.

(f) If a public hearing is scheduled under this section, the governing body shall publish a notice of the public hearing and the proposed plan or amendment to the plan in accordance with IC 5-3-1-2(b).

SECTION 7. IC 21-2-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. (a) Before a governing body may collect property taxes for a capital projects fund in a particular year, the governing body must, after January 1 and not later than September 20 of the immediately preceding year, ~~for all years before 1999 and not later than January 31 for 1999 and all subsequent years~~ hold a public hearing on a proposed plan and then pass a resolution to adopt a plan.

(b) The state board of tax commissioners shall prescribe the format



of the plan. A plan must apply to at least the three (3) years immediately following the year the plan is adopted. A plan must estimate for each year to which it applies the nature and amount of proposed expenditures from the capital projects fund. A plan must estimate:

- (1) the source of all revenue to be dedicated to the proposed expenditures in the upcoming calendar year; and
- (2) the amount of property taxes to be collected in that year and retained in the fund for expenditures proposed for a later year.
- (c) If a hearing is scheduled under subsection (a), the governing body shall publish the proposed plan and a notice of the hearing in accordance with IC 5-3-1-2(b).

SECTION 8. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2000]: IC 6-1.1-17-5.1; P.L.50-1996, SECTION 19, AS AMENDED BY P.L.273-1999, SECTION 154; P.L.50-1996, SECTION 20, AS AMENDED BY P.L.273-1999, SECTION 155.

SECTION 9. P.L.50-1996, SECTION 18, AS AMENDED BY P.L.273-1999, SECTION 153, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: (a) The department of education and the state board of tax commissioners shall select pilot school corporations under subsection (b). Beginning January 1, 1997, the school corporations selected under subsection (b) shall comply with SECTIONS 1 through 18 of this act as if those SECTIONS were effective January 1, 1997.

(b) Before October 1, 1996, the department of education and the state board of tax commissioners shall meet to select ten (10) pilot school corporations. The pilot school corporations shall be selected with the objective that the pilot school corporations collectively represent a broad range of the different types and sizes of school corporations that exist in Indiana. In order to achieve this objective, the department of education and the state board of tax commissioners shall select the pilot school corporations based on the following criteria:

- (1) The size of the student population within the corporation.
- (2) The size of the geographic territory served by the corporation.
- (3) The average growth of the property tax assessed valuation within the corporation's district over the preceding three (3) years.
- (4) The growth or decline of the ADM (as defined in IC 21-3-1.6-1.1) within the corporation over the preceding three (3) years, excluding any year in which there is a general reassessment.
- (5) The extent of urban development in the corporation.
- (6) Any other factors the department of education and the state



board of tax commissioners determine are necessary to distinguish a group or category of school corporations that deserve representation by a pilot school corporation.

(c) All state and local governmental officials whose official functions relate to this act shall cooperate with the department of education, the state board of tax commissioners, and the pilot school corporations to implement this act.

~~(d) This SECTION expires July 1, 2001.~~

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President of the Senate

President Pro Tempore

Speaker of the House of Representatives

Approved: _____

Governor of the State of Indiana

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